

this book are made in the vault, where the actual securities are kept and checked up, and cannot well be made in the office, away from the securities.

While this is a full record of such securities, we do not think it is of the character of permanency contemplated by law. It ought not to be in pencil, and ought to be in a book of the size and binding generally used for ledgers, and we recommend that in future the record be kept in a book of that character and be made in ink. The Auditing Committee criticises the department for failing to put in permanent book form a record of the commissioner's proceedings in the official examination of all companies. This committee does not believe that the law contemplates this, and if it does, it is impracticable to be complied with. Files are made and kept complete of each examination, thereby constituting the record we think the statute calls for.

The Auditing Committee reports that the statute (section 4823) requires the Insurance Commissioner to collect a tax of one-fifth of one per cent of the gross premium receipts of fire companies to defray the expenses of investigating suspicious fires, and requires that a special account of all money disbursed under this section be kept and included in the annual report. They report that this section has not been complied with. We find in the office of the Insurance Commissioner full, complete and detailed accounts of the receipts and disbursements of this fund, but the disbursements are not set out in his annual report.

The Auditing Committee reports that since their examination certain insurance companies have replaced and substituted further and additional securities which meet their approval. This committee finds that during the time that the Auditing Committee was examining the Insurance Commissioner's office there were a number of changes in the securities, just as there are changes in securities at all times during the year, and especially at the beginning of the year. No instance was brought to our attention in which additional securities or change of securities was made by reason of the action of the Auditing Committee.

Respectfully submitted,

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